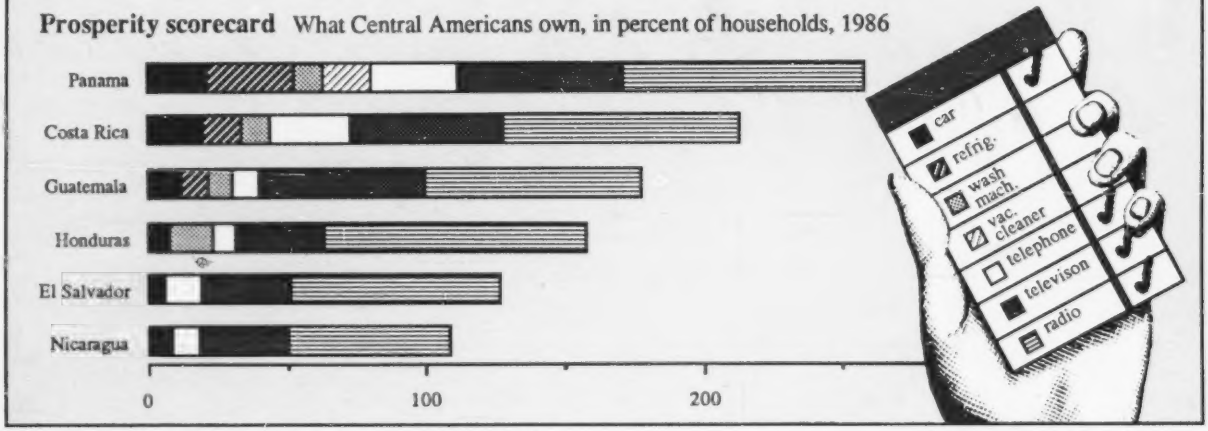
CONSUMER TRENDS AND MARKETS ABROAD
AUGUST 1986 VOLUME 5, NUMBER 8

International Demographics



Source: *International Marketing Data and Statistics 1986-87, Euromonitor Publications, Ltd.*

COUNTRY PROFILE

The Republic of Panama

Panama has what no other Central American country save Costa Rica has--clean water, good health services, ready transportation, disposable income, and social stability. Nutured by its unique geography, Panama has become the world's second largest trading center (after Hong Kong) and Latin America's busiest banking center.

Panama is prosperous (relative to its neighbors), literate, and urbanized. It stands out in sharp contrast to its Central American neighbors with respect to such main indicators of standard of living as average daily caloric intake, infant mortality rate, population per health care person, per capita income, total fertility rate, life expectancy, and percent of population under 15.

But it also has problems. The slump in international demand and price for sugar and bananas--Panama's main agricultural exports--and in demand for petroleum products following the 1973 oil crisis sent Panama into an era of economic recession in 1981. Internal and external debt, unemployment, high labor costs, and a rising trade deficit worsen Panama's chances for significant economic growth in the near future.

Economic stagnation is expected to persist unaided by traditional revenues from the Panama Canal and export earnings from the Colon Free Trade Zone, which are also falling. As in the rest of Central America, Panama experienced high rates of economic growth and rapidly rising real per capita income between 1950 and 1978. However, since 1980, real per capita output has stagnated, and GDP growth has fallen. Real annual GDP growth fell from 7.3 percent between 1968 and 1973 to 1.7 percent between 1973 and 1977. Between 1978 and 1982, however, faltering GDP growth recovered to 4.4 percent annually.

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THIS MONTH: PANAMA

Panama's assets--its location at the crossroads of world trade, open financial system, relatively skilled labor force, adequate infrastructure, and experienced export-oriented commercial sector--give Panama more of a chance at recovery from Latin America's overall economic crisis than its neighbors. According to a World Bank report, renewed growth depends upon export-oriented, labor-intensive investment.

COMPARATIVELY SPEAKING

Illustration by Diana Souza

Among Panama's working-age population, women predominate in urban areas and men predominate in rural areas.

COMPARATIVELY SPEAKING

POPULATION GROWTH

Panama has the smallest and slowest-growing population in Central America. But even so, its 1985 population of about 2,180,500 more than doubled its 1960 population of only 25 years previous. Between 1965 and 1973, Panama's population grew at an annual rate of 2.7 percent. This rapid growth reflected high birthrates of over 40 per 1,000 population and gave Panama one of the highest urban densities in Central America.

However, by the period 1973 to 1983, the rate slowed to 2.3 percent due to sharply falling mortality rates and a dramatic decline in the birthrate. Mortality rates fell from over 10 per 1,000 in 1960 to 5.3 per 1,000 in 1983 due to improved public health and medical advances.

Birthrates de-clined sharply from 40 per 1,000 in the 1960s to 36 per 1,000 between 1975 and 1980. This drop reflects high contraceptive prevalence rates.

At present, more than 60 percent of married Panamanian women of childbearing age use modern contraceptives, making Panama's current birthrate of 28 per 1,000 Central America's lowest. Estimates now peg Panama's growth rate at 1.9 percent annually for the period 1980 to 2000. By the year 2000, Panama is expected to have about 3 million people.

As for the rest of Central America, Panama's population growth crisis is intensified by its rapid pace of urbanization. Fifty-four percent of the total population in 1980 lived in the cities (up from 44 percent in 1965), with 66 percent of the urban population living in Panama City.

The economic boom years of 1965 to 1973 saw cities growing at 4.1 percent annually as rural residents migrated to the cities for work. The rate slowed in the period 1973 to 1983 to 3 percent due to the economic downturn following the 1973 oil crisis.

Despite declines in Panama's death rate and birthrate, the Panamanian population continues to grow rapidly due to more infants surviving into their childbearing years. Panama's infant mortality rate in 1985 was 26 per 1,000--one of Central America's lowest and comparable to the U.S. rate of 11 per 1,000.

ETHNICITY AND RELIGION

About 60 percent of Panamanians are mestizo or mulatto (mixed white and Indian, or white and black); 14 percent, black;12 percent, white; 7.5 percent, Indian; and 1 percent, Oriental. Ninety percent of Panamanians speak Spanish, but English is a common second language. Indians retain their native languages. In 1980, 89 percent of the population was Roman Catholic.

ADMINISTRATIVE DISTRICTS

The Republic of Panama has an area of 77,082 square kilometers (29,761 square miles). Its famous 50-mile Panama Canal affords the world an international shortcut linking East and West. Panama is divided into nine administrative provinces, each headed by a governor appointed by the president. However, population and commerce are centered around the metropolitan corridor in Panama Province flanking the Panama Canal.

In 1985, more than 54 percent of Panama's population (about 1.2 million people) lived in the metropolitan area, or the urban provinces of Panama and Colon. By the year 2000, this percentage is projected to rise to nearly 57 percent of the total population. Panama Province by far holds the bulk of the population, about 45 percent in 1985 (1 million people); Colon, only about 9 percent, or 196,000 people.

Due in part to employment-induced migration from the construction of the trans-isthmian oil pipe-

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line, Chiriqui Province is Panama's second most populous province. Chiriqui Province is home to nearly 16 percent of Panama's population, about 346,000 people. The mainly agricultural provinces of Veraguas (population, 203,900), Cocle (159,000), Herrera (98,200), Los Santos (80,600), Bocas del Tora (73,300), and Darien (36,100) follow.

WIDE GAPS

Panama's income-distribution estimates are some of Central America's most skewed. The gap between rich and poor is greater than any other Central American country's save El Salvador's. In 1980, the poorest 20 percent of Panama's total population received only 2.7 percent of total income, or $120 average per capita income. The richest 20 percent garnered 60.3 percent, or $2,710 per capita--Central America's largest per capita figure.

Poverty, however, is still a serious concern, especially in rural areas. One out of every two Panamanians is estimated to be extremely poor or unable to satisfy basic needs.

Although the gap is great, Panama has made significant gains in nutrition and health. The average Panamanian's daily calorie supply, for example, of 2271 calories, amounts to 103 percent of the minimum requirement. Health services top those of all other Central American countries. Whereas in Costa Rica--Panama's closest economic equal--there is one physician for every 1,460 people and one nursing person for every 450 people, in Panama the figure drops to 980 and 420 people, respectively.

Panama has invested heavily in a national sanitation program to provide safe drinking water to a projected 85 percent of its total population by 1988. Heavy expenditure on health since the 1970s has resulted in a rapidly falling infant mortality rate, from about 40 per 1,000 live births to 26 per 1,000.

Strong government support for public education in the 1970s led to a 60 percent increase in the number of students enrolled in public schools at all levels between 1970 and 1974. During the same period, enrollment at the secondary level increased 57 percent; at the university level, 154 percent. Quality of education also improved. The ratio of primary students per teacher from 1960 to 1982 went from 30 to 1 to 27 to 1; at the secondary level, 23 to 1 to 19 to 1. In 1960, there were an average of 4 teachers per primary school. By 1982 there were 5. Secondary school teacher-per-student ratios improved dramatically. In 1960, there were 13 teachers in each school; by 1982 there were 28.

In 1981, a full 100 percent of primary school-aged children were enrolled in primary school, 65 percent of secondary school-aged children were enrolled, and 27 percent of those aged 20 to 24 were enrolled in higher education.

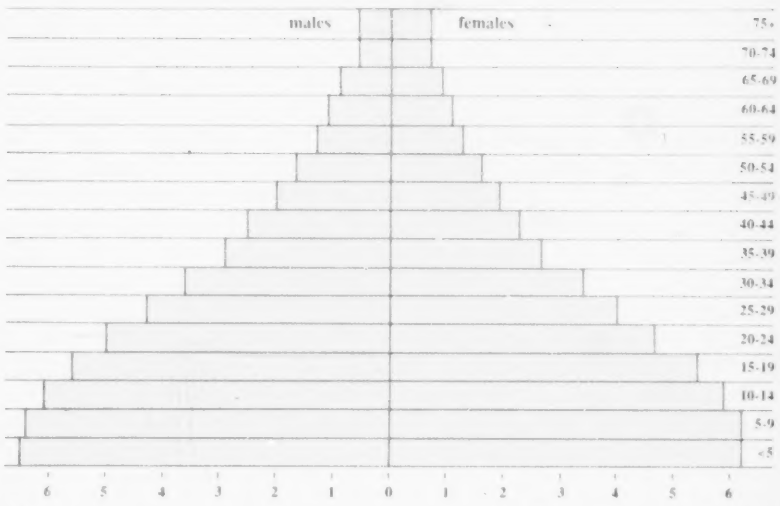
LABOR AND UNEMPLOYMENT

Panama's relatively skilled, productive, and often bilingual labor force is one of its most important comparative advantages. This asset, however, goes increasingly untapped, plagued by continued high unemployment rates. About 1,140,600 Panamanians work--over half in the metropolitan area (transit zone).

Panama's all-time high unemployment rate is estimated at 10 percent nationwide, with the young hardest hit. Less than 10 percent of those who became 15 years of age between 1978 and 1982 found paid employment. For those under 25, the

Population of Panama by age and sex, 1985

(in percent)



Age	*Males*	*Females*
<5	132,000	126,000
5-9	130,000	126,000
10-14	124,000	121,000
15-19	114,000	110,000
20-24	101,000	96,000
25-29	87,000	82,000
30-34	74,000	70,000
35-39	59,000	56,000
40-44	50,000	47,000
45-49	40,000	38,000
50-54	34,000	33,000
55-59	27,000	27,000
60-64	23,000	23,000
65-69	18,000	18,000
70-74	13,000	14,000
75+	12,000	15,000
Total	1,038,000	1,002,000

unemployment rate was about 21 percent in 1982. In 1982, 22 percent of 15-to-19-year-olds and 19 percent of 20-to-24-year-olds were out of work. Rates fell significantly in the 30-to-39 age group (4 percent unemployment) and hovered around 2 percent for persons aged 40 and over.

Except for declining participation rates due to increased enrollment in secondary and tertiary education, a reduced voluntary retirement age (from 62 to 55), and a falling women's participation rate, unemployment could have reached 20 percent in 1983.

Participation rates for all men of employable age (15 to 60 and over) nationwide continued a downward trend from a high of 87 percent in 1974, to 78 percent in 1978, to 76 percent in 1982. Women's rates followed suit, down from 32 percent in 1974 to 30 percent in 1982, after rallying in 1979 to a high of 35 percent.

As for most Latin American countries, women's participation rates are higher in urban areas than in rural areas due to greater opportunities that women find for work in the cities. However, women's urban jobs are often in the service sector, with low pay and prestige. In 1982, 21 percent of urban women between 15 and 19 were in the workforce as opposed to 19 percent nationwide. For those aged 20 to 59, 44 percent of urban women worked in contrast to 37 percent nationwide.

More young men tend to work in urban areas than in the countryside. In 1982, more men between 15 and 19 were in the labor force in the metropolitan areas than nationwide--37 percent versus 27 percent, respectively. Participation rates for men aged 20 to 59 in urban areas, however, were about equal to nationwide rates--90.5 percent to 91.9 percent respectively.

Participation rates for the working age population declined from 60 percent in the early 1970s to just over 50 percent in 1982 and 1983. Between 1976 and 1982, Panama's working age population grew at 3.7 percent annually (4.1 percent in the metropolitan corridor). The growth rate is expected to fall after 1985 due to decelerating overall population growth.

Unemployment is currently near 12 percent in the Panama City/Colon Metropolitan Area. Panama City's unemployment partially comes from the general economic slump, while Colon's is chronic and long term. Colon's working age population, estimated at near 80,000 people, greatly outweighs the 30,000 estimated jobs in the formal sector--a significant portion of which are held by commuters from Panama City. Almost one out of every four working-age people are unemployed in Colon.

To absorb additions to the labor force, the economy needs to grow by some 7.5 percent annually given the current institutional and legal framework in which the labor market operates, according to a World Bank report.

As in many other Central American countries, the percentage of the Panamanian labor force in agriculture is decreasing (from 46 pecent in 1965 to 33 percent in 1981) and the proportion in services (retailing, transport, and commerce) is increasing (39 percent in 1965 to 49 percent in 1981). Only 10 percent of the Panamanian labor force worked in manufacturing in 1980.

HOUSING AND HOUSEHOLDS

In 1980, Panama had 364,325 dwellings, of which about 76 percent were individual houses, about 13 percent were apartments, and about 10 percent were blocks of flats. Dwellings averaged 2.5 rooms per unit. About 70 percent of units were owner occupied; about 21 percent were rented. The 582,000 households in 1981 averaged 5.3 persons per household.

Housing is an ongoing problem in Panama's urban areas. The shortage of low-income housing remains acute. Fifteen percent of the transit-zone population is estimated to be housed in squatter settlements.

SOURCES

Comparative demographic statistics for Panama and all of Central America can be obtained from *Conflict in Central America: The Demographic Dimension* by Sergio Diaz-Briquets, a publication of the Population Reference Bureau, Inc. Copies can be obtained at $3.00 per single copy from the Circulation Department of the Population Reference Bureau, Inc., P.O. Box 35012, Washington, DC 20013. Another useful publication is *Panama: A Country Study*. Obtain from Government Printing Office, Washington, DC.

For information on Panama's economic adjustment process, see A World Bank Country Study, *Panama: Structural Change and Growth Prospects*. This report contains up-to-date information on Panama's economy and suggestions for its future course. Obtain from World Bank Publications, P.O. Box 37525, Washington, DC 20013 for $20.

See the special report on page 11 for a detailed description of *Consumer Markets in Central America* , an extremely useful source of current data on Central American consumers. This publication also contains in-depth market statistics for Panama.

REGIONAL SYNOPSIS

Demographic Tensions in Central America

RAPID POPULATION GROWTH

Central America faces a historic rise in population. Starting in the 1950s, significantly large absolute numbers began to combine with high rates of growth, to create explosive population growth that adds an ill-timed crisis to an already strife-ridden landscape. Between 1950 and 1985, Central America's population tripled in size, from 9.1 million to 26.4 million due to steep mortality declines and the absence of off-setting fertility declines.

Central America's population crisis is shared by most of the developing world. However, the distribution of Central America's growing populations sets its population growth apart from that of other developing regions. Beginning around the 1950s, Central Americans set out in ever-accelerating numbers for urban centers. Rural-to-urban migration coupled with high rates of natural increase due to rapidly falling death rates and consistently high birthrates swelled urban populations. At present, almost half of all Central Americans live in cities.

About 52 percent of Panama's population lives in urban areas; Costa Rica, 48 percent; El Salvador, 45 percent; Guatemala, 40 percent; Nicaragua, 42 percent; and Honduras, 36 percent. In contrast, only 3 percent of Bangladesh's population is urban; China,14 percent; India and Indonesia, 11 percent; Pakistan, 15 percent; and Sub-Saharan Africa (except South Africa), 9 percent. Rates of urban population growth in Central American countries consistently outpace those of total population growth. Between 1975 and 1980, cities in Nicaragua grew at an annual rate of about 4.4 percent, while total population grew at 2.8 percent; cities in Honduras, 5.7 percent, total population, 3.5 percent; and cities in Guatemala, 4.0 percent, total population, 3.0 percent.

Although the average growth rate for Central American countries has fallen and is expected to fall further, the decline is not near enough to counterbalance the effect of the absolute rise in population numbers. The average annual growth rate of more than 3 percent annually in the 1960s--the world rate averaged 2 percent in the same period--fell to about 2.6 percent in recent years. This decline, however, is due mainly to declines in socioeconomically advanced Costa Rica and Panama.

Central America's age structure further complicates the population crisis. About 43 percent of Central Americans are under the age of 15. When the increasingly larger young population group enters its reproductive years, the potential for future growth (albeit the falling rate of population increase) is unparalleled. United Nations population projections peg the region's population at 40 million by the year 2000.

STAGNATING ECONOMY

As for many other economies worldwide, the 1973 oil crisis began a downward spiral for the buoyant post-World War II Central American economy. Between 1950 and 1978, real per capita income growth in Central America doubled, with Central American economies growing an average of 5.3 percent annually. But, by the early 1980s, overseas markets of the trade-dependent countries of Central America had dried up due to protectionism abroad and slumping basic commodity prices.

These and other factors plunged Central America into its current economic malaise of falling real per capita income, rising unemployment, curtailed export-led economic growth, and a rising cost of living. The downturn in consumer spending intensified in the 1980s, reflecting the fall in real incomes of those employed in the formal sector. Only Panama and Nicaragua escaped a decline in real GDP during the period 1981 to 1983.

In general, economic growth in Central America disproportionately benefits high- and middle-income groups, thereby widening the already great gap between rich and poor. Income-distribution estimates for the region graphically portray the realities of inequality and privilege for the few. The poorest 20 percent of the region's population garner only 3.7 percent of the total income, whereas the richest 20 percent receive 57.4 percent of total income. El Salvador's income distribution is the most extreme with the poorest 20 percent of the population receiving only 2 percent of total income and the richest 20 percent of the population receiving 66 percent. Costa Rica's is the most equitable at 4 percent and 49 percent, respectively.

Average per capita income for the poorest 20 percent of Central Americans amounts to $90 a year (in 1970 U.S. dollars). Over half of Central Americans subsist on an average of $200 a year. United Nations estimates place 65.4 percent of the region's population in extreme poverty or unable to satisfy basic needs, with rural poverty far more severe than urban poverty. Costa Rica is a notable exception, with only 24.6 percent of the population estimated to be poor.

Central America's economic crisis is further intensified by the dramatic increase in the economically active population. Doubling in size from about 2.1 million in 1970 to 4.2 million in 1985, the labor force increasingly pressures an economy already weakened by high unemployment (estimated in all countries at 10 percent or higher) and underemploy-

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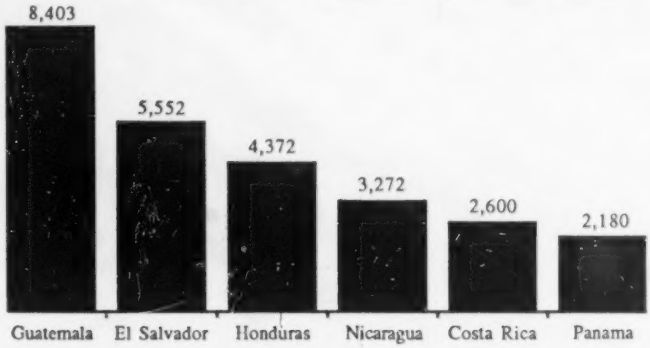
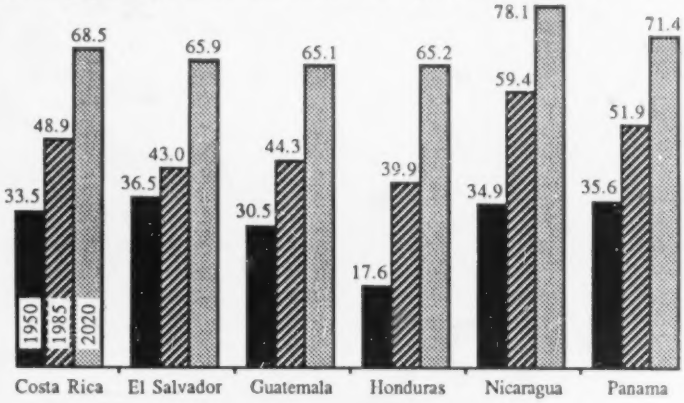
REGIONAL OUTLOOK: POPULATIO

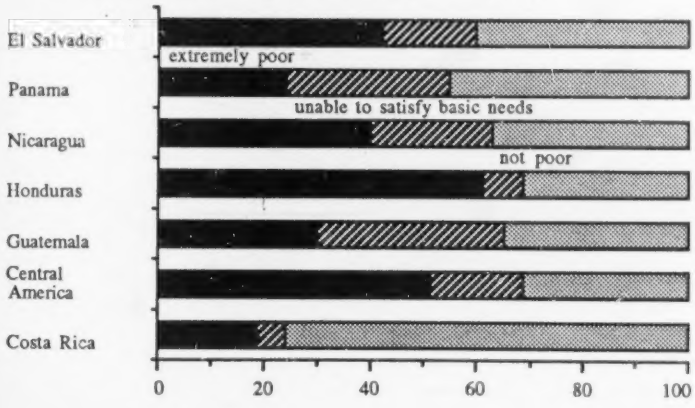
Total Populations of selected Central American Countries, 1985



Urban population in Central America in percent, 1950-2020



Central American poverty estimates in percent, 1980



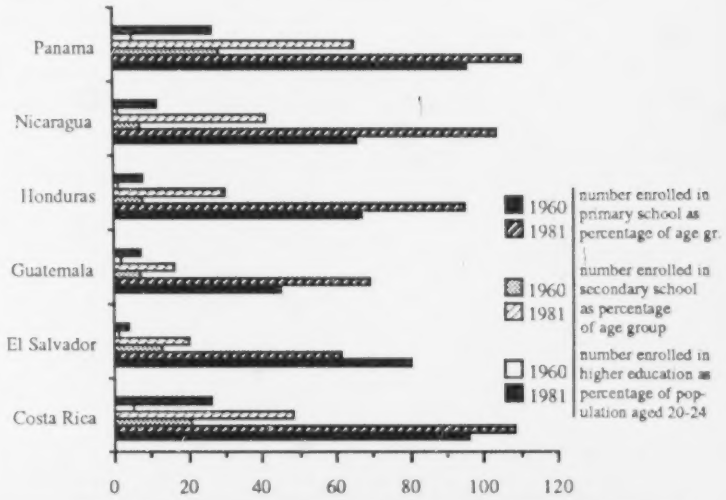
Central America

fastest growing
biggest per capita income
most populous

	pop. growth	*per capita income ($)*	
Nicaragua	3.5%	946	3.
Honduras	3.1%	683	4.
El Salvador	2.8%	700	5.
Guatemala	2.5%	1,209	8.
Costa Rica	2.2%	1,995	2.
Panama	1.9%	2,143	2.

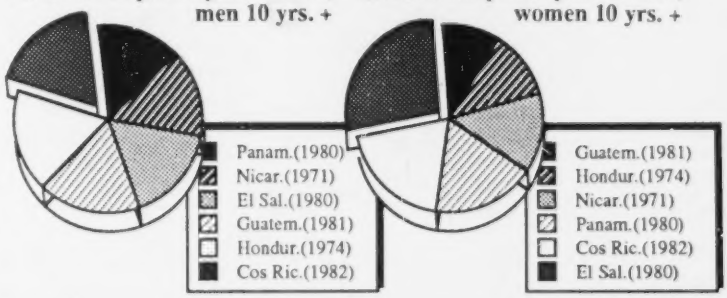
N CRISIS IN CENTRAL AMERICA

Educational indicators of Central America

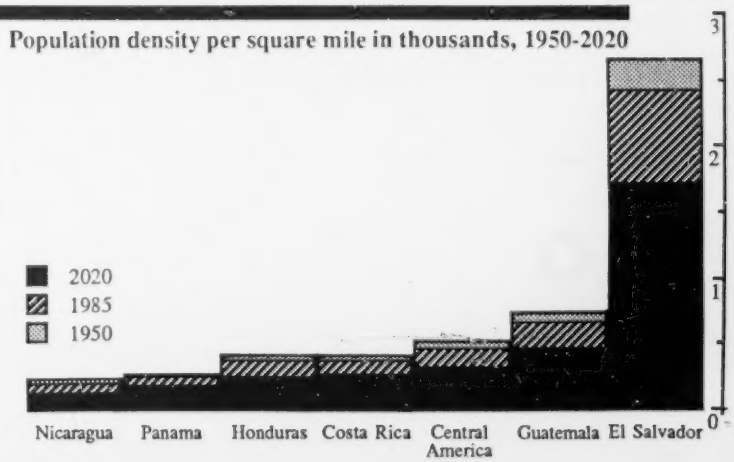


Labor force participation rates, men 10 yrs. +

Labor force participation rates, women 10 yrs. +



Population density per square mile in thousands, 1950-2020



ment (estimated at over 30 percent).

■CENTRAL AMERICA'S BETTER-OFFS

Socioeconomically advanced Costa Rica and Panama are Central America's notable exceptions. Life expectancy at birth and infant mortality rates for these better-offs, for example, are comparable to those of developed countries.

Life expectancy in Costa Rica (73 years) and in Panama (71 years) compares favorably to that of the U.S. (75 years). Infant mortality is 11 per 1,000 in the U.S., 20 per 1,000 in Costa Rica, and 26 per 1,000 in Panama. In contrast, life expectancy for other Central American countries hovers around 60 years with infant mortality rates three to four times higher than in Panama and Costa Rica.

Costa Rica's and Panama's death rates of 4.2 per 1,000 and 5.4 per 1,000, respectively, are almost half those of neighboring countries. Total fertility rates show similiar differences. In 1985, the average Costa Rican or Panamanian woman had about 3.5 children, while their Honduran counterpart had 6.5; Nicaraguan, 5.9; Guatemalan, 5.2; and El Salvadorian, 5.6. Accordingly, population growth rates for Costa Rica and Panama are lower than for other Central American countries. Population is still growing rapidly, however, due to greater numbers of women surviving into their childbearing years.

Costa Ricans by far enjoy the most equitable distribution of national income of all Central Americans. Although the poorest 20 percent of the Costa Rican population only garners 4 percent of total income, average per capita income comes to $177 (in 1970 U.S. dollars). In contrast, the poorest 20 percent of Hondurans might control a comparable 4.3 percent of total income, but that share only amounts to $81 per capita, about half the amount poor Costa Ricans receive. The richest 20 percent of Costa Ricans control 49 percent of total income (averaging $1,165 per capita)--the smallest share of total income for the richest 20 percent of the population for any Central American country.

Panama's income differential is one of the widest for all countries in its region (El Salvador's is the widest), but its relative wealth affords more for each of its citizens. The poorest 20 percent control a mere 2.7 percent of total income, but receive an average of $120 per capita. Only Costa Rica's poorest 20 percent receive more per capita. Panama's richest 20 percent of the population--controlling 60.3 percent of total income--tops all other Central Americans in per capita income at $2700. •

COMPARATIVELY SPEAKING

Illustration by Diana Souza

Central America's lowest population densities of 71 and 74 persons per square mile in Nicaragua and Panama, respectively, compare with Guatemala's 201 and El Salvador's 694.

COMPARATIVELY SPEAKING

FEATURE

What imports sell in Japan and why

The prospect of increased imports in Japan due to the rising purchasing power of the yen offers an unparalleled opportunity for American exporters. Not only can the yen buy more, but housewives should have more yen to spend.

Pressed to reduce Japan's trade surpluses, the Japanese government is enacting policies to stimulate spending such as expanding tax deduction for housing acquisition and reducing income tax to increase disposable income. In addition, shortening the work week to five days and reforming land laws to reduce the cost of home ownership are major parts of the initiative to transform workaholic Japan into a high-consumption society.

Recent consumer trends also spell good news for the future of imports. The trend toward increased total percentage of household expenditures for housing and leisure coupled with the move away from the purchase of standard items to items tagged to individual lifestyles adds up to a marketplace in which the role of imports becomes increasingly important.

The market may be ripe, but what do today's Japanese consumers think about imports and what are they buying? The soaring yen has yet to boost import sales significantly, but then wide-ranging price cuts have yet to reach the consumer level. This delay may not be the only culprit, however. Results of two recent surveys polling consumer attitudes toward imports and evaluating consumer purchasing and usage preferences point to some particular Japanese likes and dislikes affecting the current and potential sales of imports.

Quality and price mean most to the Japanese consumer--imported goods or not. This key finding of a

Top 20 imports found in Japanese homes, 1986 *(usage rate in percent)*

1. Whiskey/Brandy	69.7%
2. Tea	58.4
3. Perfume	49.6
4. Tie/Scarf	49.6
5. Chocolate/Candy	48.5
6. Fountain Pen/Mechanical pencil	44.5
7. Wine/Beer	43.7
8. Coffee/Cocoa	39.8
9. Cookies/Biscuits	39.5
10. Handbag	34.5
11. Knives/Scissors	32.7
12. Cosmetics	31.5
13. Jewelry/Accessories	29.1
14. Dishes/Cutlery	27.6
15. Cheese/Butter	27.2
16. Sweater	27.1
17. Timepiece	26.9
18. Room Accessories	24.0
19. Blouse/Shirts	22.8
20. Macaroni/Spaghetti	20.3

Source: JETRO, 1986

Manufactured Imports Promotion Organization survey conducted in January 1986 spells good news for American firms selling in Japan. "Made in Japan" may appeal to American buyers, but only about 20 percent of Japanese consumers surveyed favored domestic goods and only 3 percent bought no imports at all.

The survey, which polled over 1,500 consumers aged 18 or older living in five metropolitan areas, found that food imports--present in 91 percent of households polled--topped all others in market penetration. Clothing imports came in second (71 percent of households), followed by leisure-time and recreation products (60 percent of households). On the other end, even though 35 percent of single men and 18 percent of men polled wanted to buy an imported car, only 5 percent of respondents owned an imported car. Price was the biggest deterrent, followed by the availability of satisfactory domestic cars.

Four of the top five import items are luxury items often given as gifts such as whiskey and brandy, tea, perfume, and chocolates. About 30 percent of respondents gave imported goods as Christmas or year-end gifts.

Good design and high quality go a long way with Japanese consumers. Turn-offs in order of severity are inferior quality and performance, high prices, unavailability of spare parts, inadequate after-sales service, and high maintenance costs, according to the survey.

A 1986 survey conducted by Fuji Bank questioning 700 Tokyo housewives confirms these findings. Nearly 30 percent of the housewives polled believed that imports were shoddily made, and 25 percent felt foreign-made goods lacked clear instructions for use and were in many cases devoid of after-sales service. Thirty-five percent commented that imports once had a reputation of being good, but that they now believed Japanese products were superior.

INSIDE INFORMATION

Japanese youth like home and society

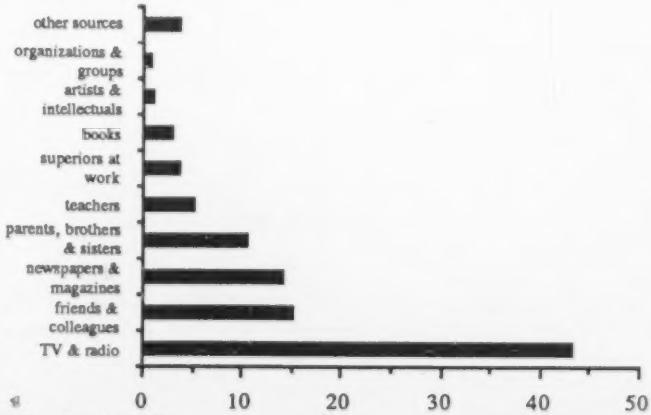
Today's young Japanese increasingly perplex and worry their elders. A 1985 survey of 15-to-23-year-olds found almost 70 percent wanting to live an individual and carefree lifestyle and fewer than 10 percent wishing to lead lives useful to society--almost exactly the reverse of a similar poll taken in 1960.

But the new-found, easy-going lifestyle of young Japanese so disturbing to their workaholic parents is lessening the worries of the young. The 1985 survey of some 3,000 young men and women aged 15 to 23 found increasing contentment with life and society in general. Of those polled, almost half (46 percent) said they had no worries and about 44 percent said they had few or no worries concerning home. This contrasts to the 1970 survey findings in which only 16 percent said they had no worries at all concerning home.

Satisfaction with society in general was also up. Whereas only 34 percent of survey respondents expressed such satisfaction in 1970, more than 50 percent of those in 1985 did. More women were satisfied with their lot in 1985 than men--48 percent of men and 40 percent of women expressed dissatisfaction. Trends by age show that few teenage girls were dissatisfied (about 37 percent), but that many men in their 20s (about 58 percent) were dissatisfied. Dissatisfaction stemmed from "people can't do what they think is right" (46.3 percent), "the deserving aren't rewarded" (32.3 percent), and "society is inflexible" (29.8 percent).

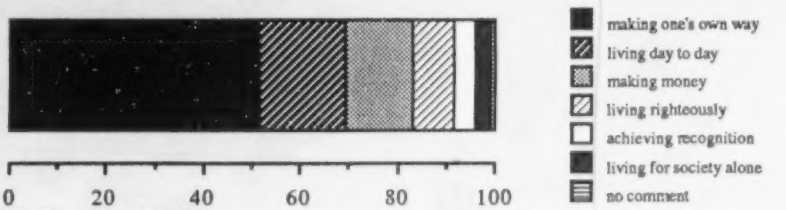
Another poll of this same age group conducted by the Management

Influences on Japanese youth *(in percent)*



Source: Focus Japan, April 1986

Lifestyle preferences of Japanese youth *(in percent)*



Source: *Focus Japan*, April 1986

and Coordination Agency found the influence of newspaper and magazine articles and books on the decline with youth and that of TV and radio on the upswing. Over 43 percent of youths surveyed chose TV and radio as the greatest influence on their thinking. The opinion of others, especially friends and colleagues (15.1 percent) and family members (10.4 percent), came in second to Japan's pervasive media. Teachers (5.1) percent and superiors at work (3.7 percent) held little sway with Japan's markedly less submissive young.

PUBLICATIONS

International Benefit Guidelines, 1986. New York: William M. Mercer-Meidinger, International, 1986, 217 pp., free. Order from Lidia Stephan, William M. Mercer-Meidinger, International, 1211 Avenue of the Americas, New York, NY 10036.

U.S. companies that hire native personnel in foreign countries need to know the latest rules and regulations on required benefits in those countries. This free volume from William M. Mercer International provides a brief look at the benefit policies of 58 countries.

For example, the section on Argentina alerts the reader to the fact that the government is studying a way to protect real wages against inflation and that inflation is projected to be 26.8 percent in 1986.

The reader also learns, among other things, that in disability cases, employers are required by law to maintain full income for three months if an employee has less than five years service, but for six months if the employee has more than five years service. If the employee has dependents, both periods are doubled.

Categories of benefits covered for most countries include salaries, retirement, death, sickness and disability, termination, medical, worker's compensation, and social security.

The country-by-country descriptions also serve as a guide for what will be expected for executive employees assigned to a foreign post. For example, in Brazil, profit-sharing plans and/or bonus plans are common for senior management, and employee loans at favorable interest rates are often offered.

The World Bank Atlas, 1986. Washington, DC: The World Bank, 1986, 28 pps., $5.00. Order Stock No. BK0684 (English edition) from The World Bank, Publications Dept., K910, 1818 H St., N.W., Washington, DC 20433.

Nearly half of the world's people live in countries with a gross national product (GNP) per capita of $400 or less. In contrast, only about a sixth live in countries with a GNP per capita of more than $5,500.

While there has been some growth in the GNP per capita of most developing countries, more than 300 million people--mostly in Africa--live in countries where the per capita income has dropped in the past decade.

Other indicators included in the atlas show that more than 400 million people live in countries where the average life expectancy at birth is less than 50 years, than more than one-sixth of the world's people live in countries where one infant in 10 does not reach its first birthday, and that in most developing countries, girls are still less likely to attend school than boys, even though the number of children in elementary school has more than doubled since 1960.

This nineteenth annual edition of *The World Bank Atlas* includes data for 184 countries on population, gross national product, and GNP per capita. For each indicator, the atlas gives data for 1983, preliminary estimates for 1984, average annual real growth rates during 1974-83, and, for GNP per capita, the percentage change from 1983 to 1984.

International Research Centers Directory 1987-87, Third Edition, edited by Kay Gill and Darren L. Smith. Detroit: Gale Research Co., 1986, 1,110 pps., $310.00. Order from Gale Research Co., Book Tower, Detroit, MI 48226.

Among the 4,200 descriptions of research facilities in about 130 countries are 20 listings for demographic research, 9 for marketing, and 1 for advertising, and others of interest to researchers under such headings as economics and employment. This directory is a convenient guide to worldwide government, university, independent nonprofit, and commercial research and development activities.

Entries are arranged by country and indexed according to country, subject, facility and keyword. There are up to 16 categories of information about each research unit, including name in English and in native language, address, telephone number, organization head, principal research activities and fields, and publications and information services.

The directory tells you, for example, that West Germany has three marketing research centers: The Institute for Consumer and Behavioral Research, Nurenberg Association for Consumer, Market, and Sales Research, and Research

Unit for General Economics and Textile Marketing.

This is a useful directory for those seeking noncommercial sources for marketing research. •

FEATURE

Service businesses boom across borders

Getting away from it all is harder than ever before. Just turn on your television in a small Mediterranean town. Local color turns out to be a Hollywood rerun. Or sup in a remote Andean town where the waiter asks what major credit card you'll be using.

Encountering familiar services in faraway places is becoming all too familiar. The internationalization of services just won't go away. Every day, more than $2 billion worth of services are delivered to foreign markets, either through exports or foreign affiliates. Normally invisible, intangible, and instantaneous, services in world trade range from banking, insurance and shipping, to travel, data processing and entertainment.

While the bulk of international business in services is between industrial countries, an increasing proportion is sold to Third World nations, which were already running a combined services trade deficit of $37 billion a year in 1980. The transnational services boom is not surprisingly under scrutiny in many capitals. Exporters of services--principally the U.S., Canada, Japan, and Europe--are interested in keeping overseas markets open to encourage the expanding multi-billion dollar trade. Developing and newly industrialized countries are wary. They are worried that a flood of foreign services will stifle their own infant service industries and dominate economically strategic sectors such as banking and insurance. There is also concern that services from abroad will sap local cultures, with the Canadian effort to protect its film, television, and print media being a notable reaction.

There's nothing new about the export of services. What is new is its unprecedented growth. A number of factors fuel the dramatic upsurge. For one, services are more important than ever before within industrial countries, accounting for up to 70 percent of all economic activity and as much as eight out of ten new jobs. Technological innovation has also played a part, both by creating new services and making traditional ones more tradable. An architect in London, for example, can send blueprints anywhere in the world with a facsimile machine and telephone services.

continued

PUBLICATIONS

Central American consumer information

Gathering data on consumers in developing countries is not easy. Fortunately, when *Euromonitor* sees a gap in market information, it fills it. There are seven new volumes that focus on marketing opportunities in developing countries. They include The Middle East, Central America, The Indian Subcontinent, The Far East, West Africa, North Africa, and Latin America.

The typical volume includes a brief look at population data; trends in industrial output; production of consumer goods (by type); data on investment, imports and exports, marketing, advertising, retail distribution, housing and households, and consumer expenditure in such areas as textiles, tobacco, drinks, cars, electrical goods, and services.

On the Panamanian market, for example, one learns that the import market for cosmetics almost doubled between 1975 and 1983 and that the United States supplies most of the imports of soap, colognes, and shampoos. In 1982, the last year for which data are available, Panamanians purchased $760 million in imported goods, more than a quarter of which was spent on semi-durable goods. Processed foods and drinks and other consumables each took 19 percent of the imported goods dollar. Fifteen percent went for durable goods and 14 percent for passenger cars.

Among Central Americans, Panamanians consume the most beverages and fresh meat per capita.

Japanese electrical goods have penetrated the Panamanian market where most electrical goods are imported rather than produced domestically. Panamanian households are the most likely of any in their region to own these goods. Nearly 72 percent of households owned a television in 1980, the last year for which data are given. A radio was owned by 73 percent. Three-quarters of households owned a refrigerator, 55 percent a washing machine, and 27 percent a sewing machine.

Depending on the number of countries covered, volumes range in size from 175 to more than 400 pages. Each volume is $195 and can be ordered from Gale Research Company, Book Tower, Detroit, MI. 48226. •

Moreover, new technology has meant that many services can be delivered to foreign markets for the first time through trade. According to Karl P. Sauvant, at the United Nations Center on Transnational Corporations, no framework exists for such trade. "For trade in goods, you have GATT. For trade in services, there are no rules of the road. In many cases, we simply don't even have statistics on service flows," says Sauvant. The difficulty in measuring "invisibles" means that the international services sector is undoubtedly much larger than official statistics show.

Delivering services to foreign markets often requires setting up foreign affiliates. To export a car, you need only ship it overseas. "With a service, there is a much greater requirement to set up a local facility to 'unlock' the service," says Sauvant. Studies show that sales of services through foreign affiliates are perhaps four or five times higher than exports of services, at least for the developed nations.

Today the services sector is the largest employer in both developed and developing countries. According to OECD statistics, trade in global services doubled between 1960 and 1970 and again between 1970 and 1975. During the decade 1971 to 1980, trade in services grew from $85 billion to over $350 billion. By comparison, merchandise trade in 1980 had a value of $1,650 billion.

Compared to the trade of developed countries in services, the developing countries are still at a distinct disadvantage. The share of developing countries in world service exports was only 18.2 percent in 1980, although they had a 28.6 percent share of merchandise exports in the same year. Whereas the balance of service trade for developed countries increased from a $3.7 billion surplus in 1970 to a record $30.6 billion surplus in 1980, the service account deficit for developing countries increased from $11 billion in 1970 to $82.5 billion in 1980.

The U.S. leads in the export of services, garnering $34.7 billion in 1985. The U.K. follows, with $34.4 billion; France, $33 billion; West Germany, $32.3 billion; Japan, $18.9 billion; and Canada, $7 billion. Other developed market economy countries together earned $131 billion, while developing countries received $66 billion.

With services firmly established as the engine of economic growth in the last decades of this century, they are inevitably becoming an increasingly controversial factor in the world of international trade and investment. •

--Stephen Whitehouse

CONFERENCES

"Anticipation and Decision Making: The Need for Information," will be the theme of the 39th annual congress of the European Society for Opinion and Marketing Research scheduled for September 14-18 in Monte Carlo. Program highlights include a presentation on "The Shaping of the European Identity," and speakers on "New, new product development," advertising and communications, and anticipating and solving problems in qualitative research. Subject sessions include international/multi-country research, travel and tourism, finance, East/West cooperation, and marketing management information systems.

For more information contact Central Secretariat, J. J. Viottastraat 29, 1017 JP Amsterdam ,The Netherlands . Telephone (020) 64.21.41. Telex: 18535 esmar nl.

Advance information is available from the same organization about two seminars: "Opinion Polls" will be held Nov. 26-28 in Strasbourg, France, and "The Application of Research to Broadcasting Decisions" will be held January 28-30 in Amsterdam.

The First European Congress on Continuing Education and Training will be held Oct. 9 and 10 in West Berlin. Further information is available from Spectrum Communications, Xantener Strasse 22, D-1000 Berlin 15, FRG. •

COMING UP

Belgium: A heavily industrialized country at the hub of Europe

Canada's smokers: A report on preliminary data from Canada's General Social Survey

Out to Play: Popular Japanese pastimes

Desktop Demographics: Microcomputer software with international demographic/marketing applications

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